The electricity market 4D future

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26th Athens Forum, 11 June
ENTSO-E: 42 TSOs operating one of the world’s largest interconnected grids

- 42 TSOs in 35 countries
- 500 million citizens served
- 480,000 km of transmission lines
- 467,102 GWh of electricity exchanges in 2018

- Regional, European & global cooperation of both EU and non-EU members
- Long-term grid planning
- Security of supply analysis
- Technical/market rules
- European platforms
- Standardisation & Research
ENTSO-E Vision 2030 – Building a system of systems

- Different geographical scales
- Multilateral interfaces
- Interoperability

- System operators = key facilitators
- Governance involving stakeholders
- Putting consumers at the heart of the Energy Transition
Market Design 2030 options & recommendations

**Options**

- **GEOGRAPHICAL GRANULARITY**
  - LARGE
  - FINE

- **TIME GRANULARITY**
  - 5'
  - 1H

- **INTRADAY MARKETS**
  - AUCTIONS
  - CONTINUOUS TRADING

- **DISPATCH**
  - CENTRAL
  - SELF

- **ANCILLARY SERVICES PROCUREMENT**
  - SEQUENTIAL
  - CD-OPTIMISED

- **BALANCING & CONGESTION MANAGEMENT**
  - SEPARATED
  - INTEGRATED

*Examples of market design options for short term markets and congestion management*

**Recommendations**

- No need of radical market design change, focus on CEP implementation first
- Markets fit for RES: enhance short-term markets to allow trading closer to real-time
- RES fit for Markets: full balance responsibility and RES exposure to price signals
- Include stronger locational signals and increase the locational visibility of resources
- Long term investment signals to ensure resource adequacy & stronger price signals for flexibility
- Fit-for-purpose solutions & dynamic regulation may be needed to avoid constraining innovation
Reaping the benefits of market integration in South East Europe

Some key milestones for electricity market integration:

- **Bulgaria-Greece Market Coupling Project Go-Live:**
  - Launch of the market coupling operations of the Bulgarian Bidding Zone in SDAC (Multi Regional Coupling) on 11th May 2021.

- **Pilot project between Bulgaria-North Macedonia**
  - Restart of project work in Q4/2020;

- **Stronger political and regulatory cooperation and support at national, regional and European level needed to maximize the benefits of market integration in South East Europe and to advance successfully the on-going pilot projects**
Back-up
2030 Market Design: Key Takeaways from ENTSO-E Stakeholder Consultation

- **Day-ahead, intraday and balancing** markets need to **better facilitate participation of RES, DSR, storage. TSO-DSO coordination** will be key to enable efficient use of distributed flexibilities for congestion management and ancillary services.

- **Zonal market design needs improvements** to cope with increasing congestions but **nodal models are not suited for Europe.** More locational information in balancing may suit some countries.

- **RES Supports to be progressively phased out** and replaced by strong carbon pricing, PPAs and Guarantees of Origins. In the meantime, **2-sided CfDs** and **Investment-based supports** are considered most suitable and less distortive.

- **Majority of respondents believes energy only markets need to be complemented by strategic reserves or capacity mechanisms.** Scarcity Pricing can be useful for flexibility but not enough to stimulate generation investments.